

WHAT ARE SOME DISADVANTAGES?

- (1) The owner **MUST** file for the exemption annually.
- (2) If the land use changes to nonagricultural use, or there is a failure to reapply for the CAUV program, there is a recoupment penalty equal to the past three years tax savings.
- (3) Tracts under 10 acres can qualify only if the gross annual income from sales of agricultural products is at least \$2,500.



Clark Co. Auditor's Office
P.O. Box 1325
Springfield, OH 45501



CURRENT AGRICULTURAL USE VALUE (CAUV)

Information
For
Clark County Residents

The Current Agricultural Use Value program was implemented within the State of Ohio to save open spaces and to permit the valuing of farmland on its ability to produce income rather than on market value.

The CAUV law can provide significant tax-savings benefits to those involved in agricultural production if CAUV qualifications are met.

This Brochure attempts to answer key questions regarding this program. Additional information may be obtained from our office either in person, or by calling (937)-328-2418 between 8:00 a.m. - 4:30 p.m. You may also visit our website at <http://www.co.clark.oh.us/auditor/Index.htm>.

Prepared by
George A. Sodders
Clark County Auditor

WHAT IS THE CURRENT AGRICULTURAL USE VALUE (CAUV) LAW?

This law is an outgrowth of the Constitutional Amendment, passed by the voters of the State of Ohio, to save our open spaces and to protect the farmer from paying unnecessarily high property taxes for his or her farmland.

WHAT ARE THE ELIGIBILITY REQUIREMENTS?

- (1) Any tract of agricultural land of 10 acres or more which has been in agricultural use for the last three years is eligible. A smaller tract may be included in the CAUV program if the tract either produced an average gross income of \$2,500 or more from sales of agricultural products during the previous three years, or if the expected gross income meets or exceeds \$2,500.
- (2) Except in the case of timberland, the land must be devoted exclusively to agricultural use.

WHAT DOES "AGRICULTURAL USE" MEAN?

Agricultural use includes commercial production in these areas: animal or poultry husbandry, aquaculture, apiculture, field crops, tobacco, fruits, vegetables, nursery stock, ornamental trees, sod or flowers. Timber is also included, regardless of whether it is used for commercial purposes.

WHERE SHOULD I FILE MY APPLICATION?

Applications are to be filed with the County Auditor's Office. We have trained personnel ready to assist individuals in completing their CAUV applications.

IS THERE A COST TO FILE?

The State Legislature has mandated a \$25.00 initial filing fee per application. This fee stays in the County Real Estate Assessment Fund for use in financing the program. The annual renewal is free.

WHEN MUST I FILE FOR CAUV?

You may file any time after the first Monday in January and prior to the first Monday in March of any year.

FOR WHAT LENGTH OF TIME IS THE APPLICATION EFFECTIVE?

The CAUV application must be renewed each year. Renewing your application only requires returning a CAUV post card to the Auditor's Office each year.

WHAT HAPPENS IF I DON'T REFILE MY CAUV APPLICATIONS?

If you do not refile your application for a Current Agricultural Use Valuation, then the Auditor is required to value the property at its true market value and to recoup the taxes for the current tax year and for the past three years. However, in some cases, the land may lay idle for no more than one year before being subject to recoupment.

WHAT HAPPENS WHEN THE LAND IS NO LONGER USED FOR AGRICULTURAL PURPOSES?

As noted in Section 5713.34 of the Ohio Revised Code,

"Upon the conversion of all or any portion of a tract, lot or parcel of land devoted exclusively to agricultural use, a portion of the tax savings upon such converted land shall be recouped as provided for by Section 3, Article II, Ohio Constitution by levying a charge on such land in an amount equal to the amount of the tax savings on the converted land during the three tax years immediately preceding the year in which the conversion occurs. The charge shall constitute a lien of the state upon such converted land as of the first day of January of the tax year in which the charge is levied and shall continue until discharged as provided by law"

WHEN DOES THE PROPERTY BECOME SUBJECT TO RECOUPAGE?

There are two general causes for recoupage; first, the failure to reapply for the Current Agricultural Use Value and, second, if a change in the parcel's use occurs so that the land is no longer used exclusively for agricultural purposes. At that point, the Auditor will notify the owner and refigure the taxes.

HOW MUCH, IN TERMS OF TAX REDUCTION, MIGHT I EXPECT?

The actual reductions are dependant on the Current Agricultural Use Value (CAUV) which is placed upon the land. Major factors affecting the value are soil type, soil region and land capability class. Agricultural commodity prices and production costs also enter into the CAUV values. The resulting CAUV value replaces the appraised value. The tax value is set at 35% of the CAUV value. The State Tax Commissioner adjusts the CAUV values on a three-year cycle to account for changing agricultural production costs and commodity prices.

HOW DOES THE CAUV APPRAISAL DIFFER FROM THE FAIR MARKET VALUE?

The fair market value normally depends upon establishing the value for the property based on comparing it to recent sales of similarly situated properties. The CAUV system capitalizes the expected net income received from agricultural production to value the property.

WHAT ARE SOME OF THE MAJOR ADVANTAGES OF THE CAUV PROGRAM?

- (1) It provides tax relief on agricultural land.
- (2) If the tract of land contains woodland as well as cropland, the CAUV law will often provide a greater tax relief than the Ohio Forest Tax Law because that law applies only to forest land acreage.
- (3) Land Currently under CAUV can lay idle for up to one year prior to being subject to recoupment.